

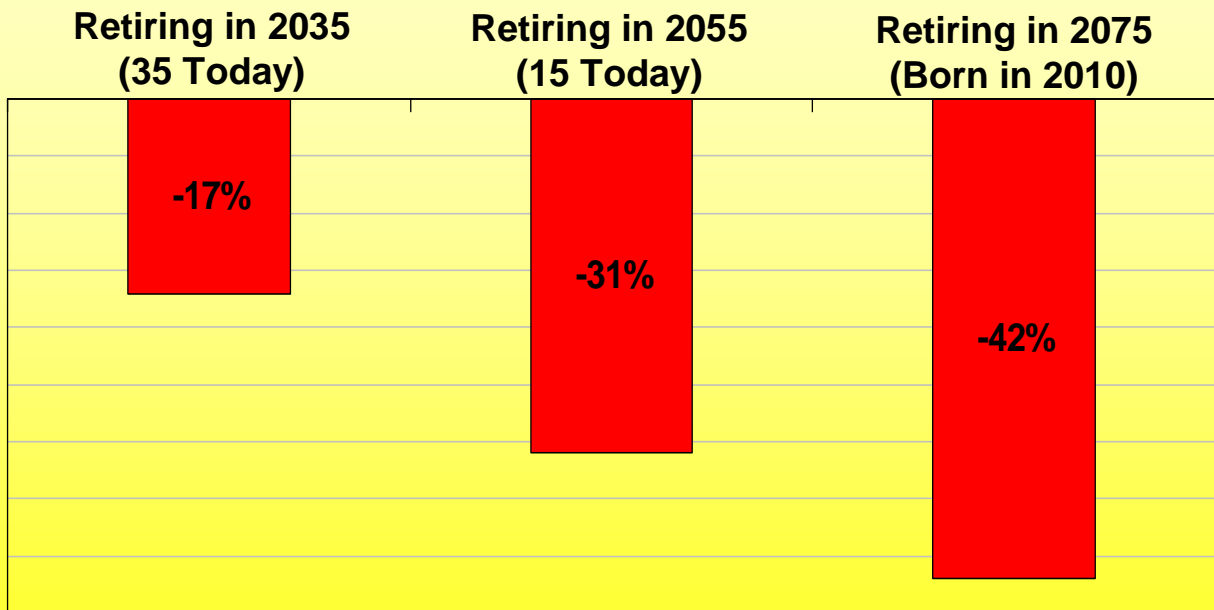
## APPENDIX: Additional Charts

### Privatization Means Huge Benefit Cuts

#### *Benefit Cut #1: Sliding-Scale Middle-Class Benefit Cuts*

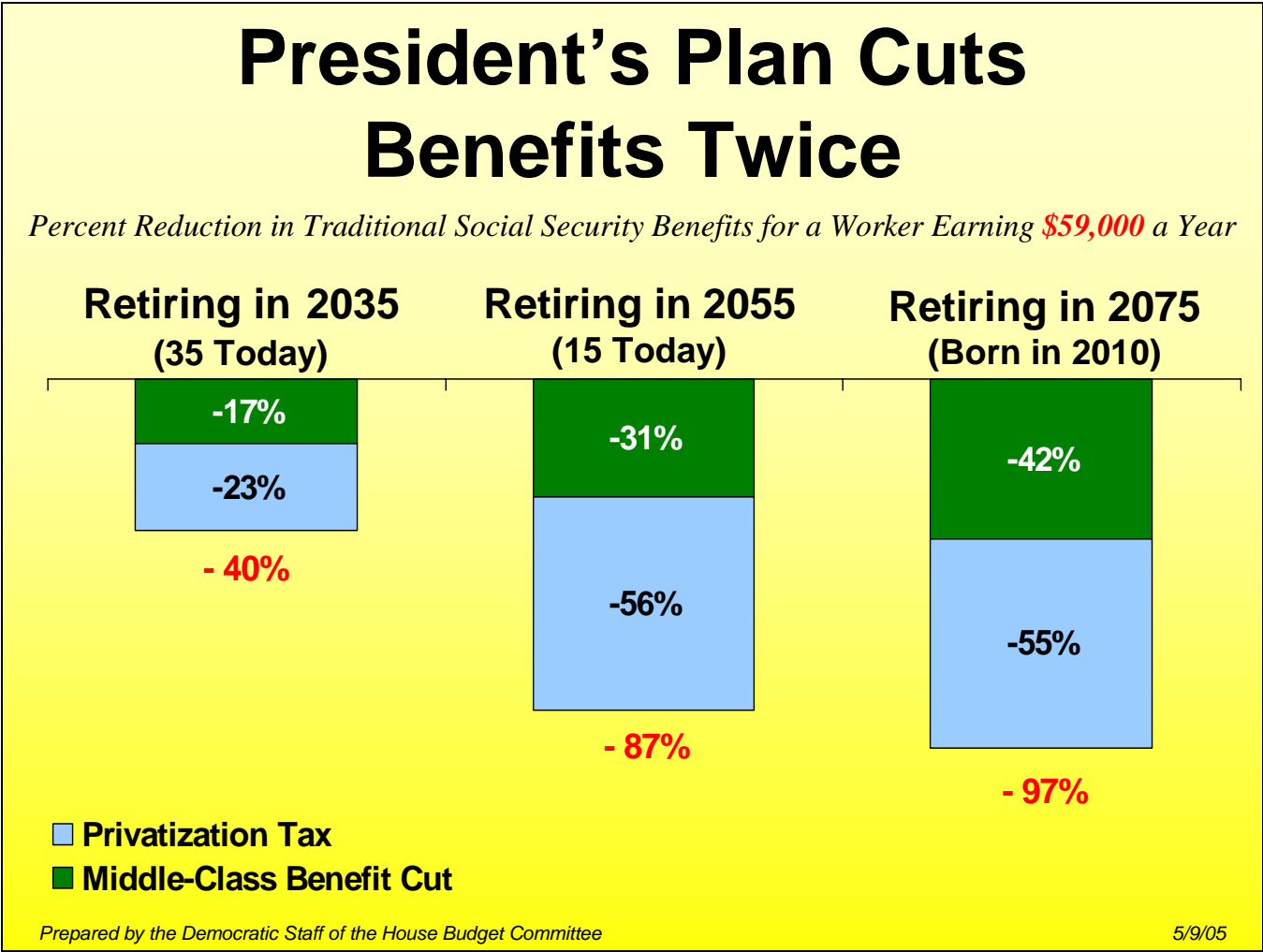
## Middle-Class Benefit Cuts : Each Generation Takes a Deeper Cut

*Percent Reduction in Retirement Benefits for a Worker Earning \$59,000 a Year*



*Prepared by the Democratic Staff of the House Budget Committee*

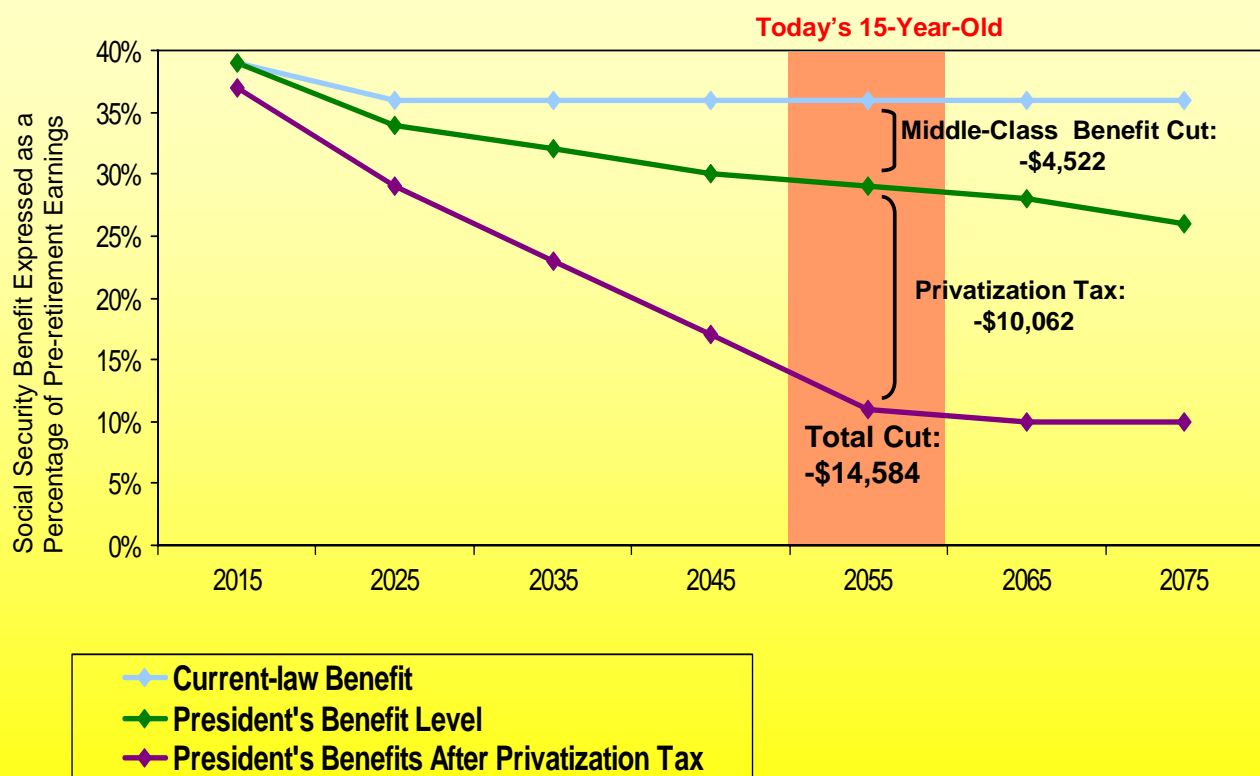
*5/9/05*



## The Combined Effect of Privatization Taxes and Sliding-Scale Benefit Cuts: Alternate Version

### President's Plan Cuts Your Benefits Twice

Social Security annual benefits for a worker earning **\$37,000** a year, retiring at age 65



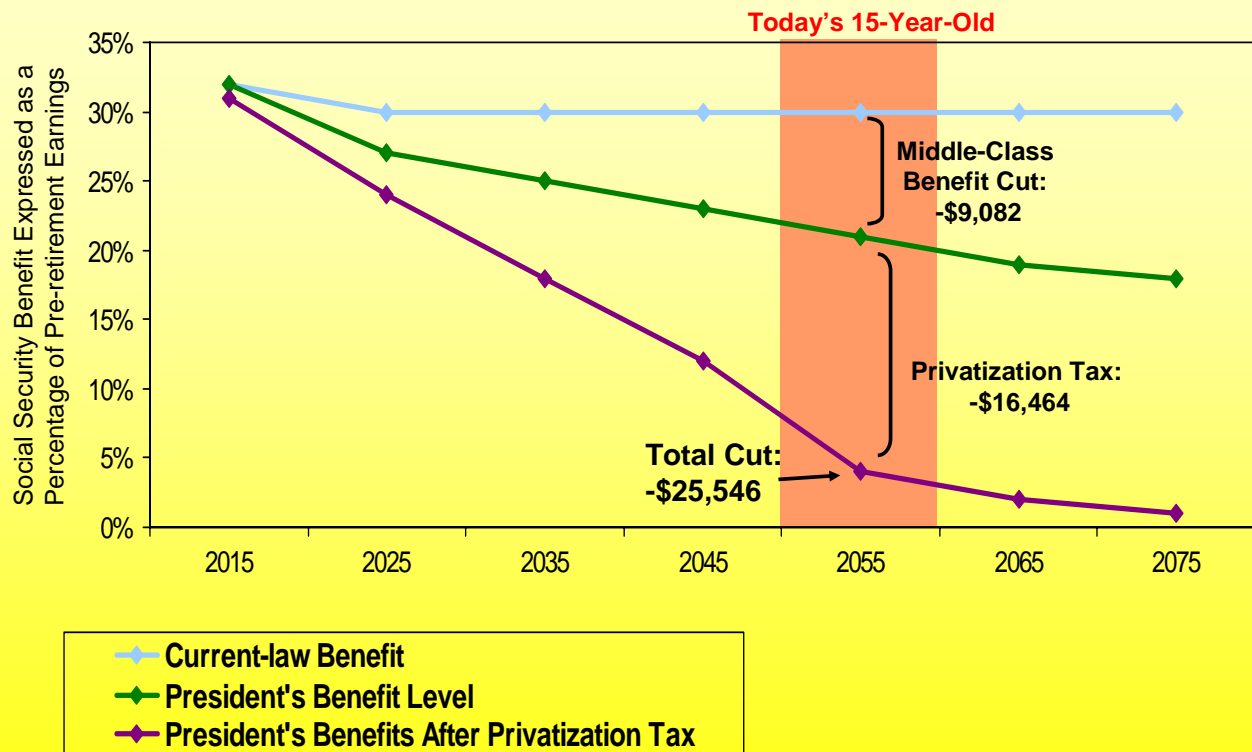
Prepared by the Democratic Staff of the House Budget Committee

5/6/05

The chart compares the traditional Social Security benefit (excluding private-account payouts) that workers earning **\$37,000** per year would receive under current law versus under the President's plan, based on their year of retirement. Benefits in the chart are expressed as a percentage of pre-retirement earnings, in order to illustrate Social Security's role in replacing wage income that is lost due to retirement or disability, as well as to provide a measure that is comparable over time. For example, someone who is 15 years old today and who retires at age 65 would receive a Social Security benefit under current law equal to 36 percent of his pre-retirement earnings. Under the President's plan, the combined effect of the sliding-scale benefit cut and the privatization tax would leave him with a traditional benefit equal to only 11 percent of his pre-retirement earnings – a benefit cut of two-thirds. The proceeds from the worker's private account might or might not make up for this benefit cut, depending on how his investments perform. If he happens to be an unlucky investor, he could face a grim retirement.

# President's Plan Cuts Your Benefits Twice

*Social Security annual benefits for a worker earning **\$59,000** a year, retiring at age 65*



Prepared by the Democratic Staff of the House Budget Committee

5/6/05

The chart compares the traditional Social Security benefit (excluding private-account payouts) that workers earning **\$59,000** per year would receive under current law versus under the President's plan, based on their year of retirement. Benefits in the chart are expressed as a percentage of pre-retirement earnings, in order to illustrate Social Security's role in replacing wage income that is lost due to retirement or disability, as well as to provide a measure that is comparable over time. For example, someone who is 15 years old today and who retires at age 65 would receive a Social Security benefit under current law equal to 30 percent of his pre-retirement earnings. Under the President's plan, the combined effect of the sliding-scale benefit cut and the privatization tax would leave him with a traditional benefit equal to only 4 percent of his pre-retirement earnings – an 87 percent benefit cut. The proceeds from the worker's private account might or might not make up for this benefit cut, depending on how his investments perform. If he happens to be an unlucky investor, he could face a grim retirement.

## Privatization = More Risk, Less Security

*The President's Plan Dismantles Guaranteed Benefits In Favor of Risky Accounts*

### President's Plan Dismantles Social Security In Favor of Risky Accounts

*Estimated first-year benefits and account payouts for a worker earning **\$59,000** a year, expressed as percentage of pre-retirement earnings*

